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RUEHBY/AMEMBASSY CANBERRA 1214
RUEHKO/AMEMBASSY TOKYO 0827
RUEHWL/AMEMBASSY WELLINGTON 1782
RUEATRS/DEPT OF TREASURY WASHDC
RHMCSUU/FBI WASHINGTON DC
RUEAWJA/DEPT OF JUSTICE WASHDC
RHEHNSC/NSC WASHDC
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C O N F I D E N T I A L JAKARTA 002648

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DEPT FOR EBB/IFD/OMA
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E.O. 12958: DECL: 09/19/2017

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SUBJECT: CONVICTED ON CORRUPTION COUNTS, LEGISLATOR--WITH
CLOSE LINKS TO VP--RESIGNS AND GETS JAIL

REF: JAKARTA 02525

Classified By: Pol/C Joseph Legend Novak, reasons 1.4 (b)(d).

¶1. (C) SUMMARY: After his conviction on corruption charges, Indonesian House of Representatives (DPR) member Nurdin Halid was jailed in Jakarta, September 18. He is slated to serve a two-year jail term. Halid--who has resigned from the DPR--maintained close links with Vice President Kalla. His jailing highlights the GOI's continued effort to root out corruption among public officials. END SUMMARY.

¶2. (SBU) GO DIRECTLY TO JAIL: After the Supreme Court convicted him on corruption charges, DPR member Nurdin Halid was jailed in Jakarta, September 18. Under strong pressure to leave his post, he subsequently resigned his seat in the DPR. (Note: He had only been a DPR member since September ¶12. He had been appointed to replace Andi Mattalatta, the new Minister for Justice and Human Rights.)

¶3. (SBU) PALM OIL EASES THE PATH: Halid was under scrutiny for his management of the Palm Oil Fund, which is administered by the State Logistics Agency. Halid headed the agency in the late 1990's when the misuse of funds, totaling USD 18 million, took place. Two lower courts acquitted him of corruption, but the Supreme Court on September 12 overturned the acquittals and sentenced him to two years in prison, ordering him to pay a USD 3,200 fine.

¶4. (C) V.P. TAKES HEAT: Vice President Kalla, who heads the Golkar Party, had appointed Golkar-member Halid to the House of Representatives despite the fact that Halid's case was still under judicial review. Both natives of Sulawesi, Kalla and Halid are considered allies. Kalla did not initially call for Halid to step down from the DPR after the Supreme Court announced its decision, but instead made an equivocal statement. After other political leaders called for Halid's resignation, Kalla--under fire for alleged cronyism--retreated from his initial defense of Halid.

¶5. (SBU) A FIRST FOR THE DPR: In July 2006, DPR member Aziddin (one name only), a member of the Democrat Party,

which is President Yudoyono's political grouping, was forced from office over allegations of corruption. Accused but not convicted of brokering illegal business deals, he was nevertheless removed from office by the DPR leadership because his behavior was deemed inappropriate for a public official. Although hundreds of provincial and local politicians throughout Indonesia have also been convicted of corruption charges or forced out of office due to allegations of corruption, the Halid conviction and resignation is the first for a sitting member of the national assembly and it netted significant media attention.

16. (C) TRYING TO ROOT OUT CORRUPTION: Halid's jailing highlights the GOI's continued effort to root out corruption among public officials. As mentioned, hundreds of public officials have been convicted or accused in recent years on corruption charges. Increasing media and public scrutiny is making it harder to sweep charges under the rug, but judicial decisions still lack consistency. Accused of backing a crony, V.P. Kalla has a bit of egg on his face over this episode.

HUME